

# NEW FOR 2008

## IDAHO CONFORMS TO INTERNAL REVENUE CODE (IRC)

Idaho conforms to the federal changes made to the IRC by "The Economic Stimulus Act of 2008." These include the following:

- Bonus first-year depreciation provisions found in IRC Section 168(k) for property placed in service in 2008.
  - Idaho depreciation, adjusted basis, and gains or losses from the sale or exchange of this property will be the same as for federal.
  - You can't claim the Idaho investment tax credit on the cost of property you are allowed a deduction as bonus first-year depreciation.
- An increase in the IRC Section 179 election to expense the cost of certain assets.

- An increase in the IRC Section 280F limitations on "luxury" auto depreciation.

Idaho also conforms to other changes made to the IRC during 2007.

## ELECTRONIC FILING

Most businesses now have the opportunity to file their Idaho Corporation or S Corporation Income Tax Return electronically.

## NEW FORM 41A - AFFILIATION SCHEDULE

Form 41A must be attached to the Form 41 by corporations who have an affiliated relationship with another corporation.

# GENERAL INFORMATION

## WHO MUST FILE A FORM 41

A corporation or association that is transacting business in Idaho, is registered with the Idaho Secretary of State to do business in Idaho, or has income attributable to Idaho must file Form 41. This includes a(n):

- regular corporation subject to the income or franchise tax
- nonprofit organization that receives unrelated business income, as defined in the IRC. If you don't receive unrelated business income, you aren't required to file an Idaho corporate income tax return. However, if you file a federal Form 990, the Tax Commission will accept a copy.
- corporation in business solely to perform contracts with the U.S. Department of Energy at the Idaho National Laboratory. This corporation is subject to the Idaho franchise tax. See Franchise Tax, page 2.
- receiver, trustee in dissolution, trustee in bankruptcy, or assignee who possesses or holds title to all or substantially all of the property or business of a corporation, even if the property or business isn't being operated
- mutual savings bank that doesn't have capital stock represented by shares, a domestic building and loan association, a domestic savings and loan association, a federal savings and loan association with substantially all of the business confined to making loans to members, and a cooperative bank without capital stock operated for mutual purposes and without profit
- limited liability company treated as a corporation for federal income tax purposes
- common law trust treated as a corporation for federal income tax purposes
- Real Estate Investment Trust (REIT)
- Regulated Investment Company (RIC)
- homeowners' association
- inactive or nameholder corporation
- nonproductive mining corporation
- publicly traded partnership treated as a corporation under IRC Section 7704

A corporation that falls under the protection of Public Law 86-272 is not required to file.

## WHO MUST FILE FORM 41S

A corporation filing as an S corporation for federal income tax purposes must file Form 41S if it:

- is transacting business in Idaho; or
- is registered with the Idaho Secretary of State to do business in Idaho.

Idaho accepts the federal approval of the S corporation election. Federal Form 2553 or a copy of the federal notice approving the election must be attached to your Idaho tax return for the first year you file Form 41S.

## TRANSACTING BUSINESS

Transacting business in Idaho is indicated by, but not limited to, the following activities:

- owning or leasing, as lessor or lessee, any property in Idaho;
- soliciting business in Idaho;
- being a member of a partnership or S corporation with business in Idaho;
- any Idaho activity from which income is received, realized, or derived; or
- having an agent, such as a collector, repair person, delivery person, etc., acting on your behalf in Idaho.

## WHAT TO FILE

A complete copy of the federal income tax return must be attached to the Idaho income tax return. If filing a Form 41S, all Schedules K-1 must be attached to the return or submitted with the return on compact disc in Word, Excel, or PDF format. Failure to attach a complete copy of the federal return may cause the return to be delinquent.

## WHEN TO FILE

Returns for all corporations, except for farmers' cooperatives, are due on or before the 15th day of the fourth month following the close of the tax year. For a calendar year filer, this is April 15.

Short period returns are due by the later of the 15th day of the fourth month following the close of the tax year or by the date required for that period by the IRC.

The return for a farmers' cooperative is due on or before the 15th day of the ninth month following the close of the tax year. For a calendar year filer, this is September 15.

If the last day for filing a return falls on a Saturday, Sunday or legal holiday, the return is timely if it is filed on the next work day.

# GENERAL INFORMATION

## WHERE TO FILE

Mail the return and payment to:

Idaho State Tax Commission  
PO Box 56  
Boise ID 83756-0056

If you are sending your return using a delivery service that requires a physical address, use the following:

Idaho State Tax Commission  
800 Park Blvd Plaza IV  
Boise ID 83712-7742

## ACCOUNTING METHODS

You must use the same accounting method that is used for federal tax purposes. A change of accounting method must have prior approval from the Internal Revenue Service (IRS). Attach a copy of the federal approval to your return.

## ACCOUNTING PERIOD

You must use the same accounting period that is used for federal tax purposes. A change to the annual accounting period must have prior approval from the IRS. Attach a copy of the federal approval to your return.

## AMENDED RETURNS

If you discover an error on your return after it is filed, use Form 41 or Form 41S to amend your return. Check the box at the top of the form and enter the reason for amending. Complete the entire form using the corrected amounts.

If you amend your federal return, an amended Idaho income tax return must be filed. The statute of limitations for receiving a refund is three years from the due date of the return or the date the return was filed, whichever is later.

If you are amending a return for tax years beginning prior to 2001, complete a new return using the corrected numbers on the form for the applicable year. Write AMENDED at the top of the form and attach an explanation of why the return is being amended.

Amended returns claiming refunds that aren't filed on the form for the applicable year will be returned to the taxpayer.

## BONUS DEPRECIATION

### For Property Placed In Service Prior To 2008

If you are depreciating property for which you claimed bonus depreciation for federal purposes:

- Complete and attach a separate federal Form 4562 or detailed computation for Idaho depreciation purposes as if you hadn't claimed the special depreciation allowance.
- Use the Idaho depreciation amounts to compute the Idaho adjusted basis and any gains or losses from the sale or exchange of the property.
- Enter the differences between the Idaho and federal depreciation amounts, and gains and losses from sales or other exchanges of the property, on the bonus depreciation subtraction line.

### For Property Placed In Service After 2007

Idaho conforms to the federal bonus depreciation provisions. The amounts you use for federal will also be used for Idaho. No additional forms or computations are needed for Idaho.

## CHECK-THE-BOX REGULATIONS

Idaho follows the federal entity classification (check-the-box) regulations. Therefore, if an entity is classified or taxed as a corporation for federal income tax purposes, it will be treated as a corporation for Idaho income tax purposes.

## DISREGARDED ENTITIES

Idaho follows the federal rules on disregarded entities for tax purposes. As a result, these entities are treated as a sole proprietorship, branch or division of their owners. Income, deductions and credits are treated as belonging to the owner. Apportionment attributes of the disregarded entity and the owner are totaled to result in one Idaho apportionment factor.

Attach a schedule listing the name and federal identification number of disregarded entities that are included in your return.

## ELECTRONIC FUNDS TRANSFERS

Payments of \$100,000 or more must be paid by electronic funds transfer. If you are making an electronic funds transfer for the first time, contact the Tax Commission at (208) 334-7660 for further information.

## ESTIMATED TAX PAYMENTS

A corporation must make estimated tax payments to the Tax Commission if it is required to make federal estimated payments and the Idaho tax liability is estimated to be \$500 or more. Estimated taxes are filed on Form 41ES. The estimated payments are due on the 15th day of the 4th, 6th, 9th, and 12th months of the tax year. For a calendar year filer, this is the 15th of April, June, September, and December.

Estimated taxes aren't required for the first year a corporation exists in Idaho. The corporation will be sent the necessary estimated payment forms.

## EXTENSION OF TIME TO FILE

If you can't file your return by the due date, Idaho allows you an automatic six-month extension of time to file. To avoid paying a penalty, the amount of tax payments you have made must be at least 80% of the current year's tax liability or 100% of the total tax reported last year. Use Form 41ES to make your payment.

Even though an extension gives you more time to file, the tax is due on the original due date of the return. You must pay interest on any tax paid after the due date.

## FEDERAL AUDIT

If your federal taxable income or tax credits change because of a federal audit, you must send written notice to the Tax Commission within 60 days of the final federal determination. You must include copies of all schedules supplied by the IRS.

If you owe additional Idaho tax and don't send written notice within 60 days, a 5% negligence penalty will be imposed. Interest applies on any tax due.

If the final federal determination results in an Idaho refund, you must file an amended Idaho income tax return with the written notice. See Amended Returns. If the statute of limitations is closed, you have one year from the date of the final determination to file for the refund.

## FRANCHISE TAX

The franchise tax is imposed on a corporation for the privilege of exercising its corporate franchise in Idaho. This includes a corporation in business solely to perform contracts with the U. S. Department of Energy at the Idaho National Laboratory.

The tax is computed at 7.6% of Idaho taxable income. Corporations aren't subject to both the franchise tax and the income tax.

## INTEREST

Interest applies on delinquent tax from the original due date of the return until the tax is paid at the rate of 5% per year (rate effective for 2009).

# GENERAL INFORMATION

## MINIMUM TAX

The minimum tax of \$20 is required for each corporation that transacts business in Idaho, is registered with the Idaho Secretary of State to do business in Idaho, or is exercising its corporate franchise in Idaho. This includes an S corporation. For a unitary group of corporations, the \$20 minimum tax is required for each corporation in the unitary group that is required to file an Idaho income tax return, even though only one Idaho group return is filed.

The \$20 minimum tax isn't required to be paid by the following:

- a nonproductive mining corporation
- a corporation not organized for profit that isn't required to pay federal tax on unrelated business income
- a homeowners' association filing Form 1120H and having no federal taxable income
- a corporation under the protection of Public Law 86-272.

## NET OPERATING LOSS (NOL)

A corporation incurs an Idaho NOL in a year when it is transacting business in Idaho and its Idaho taxable income is less than zero. An NOL incurred by a corporation during a tax year in which it wasn't transacting business in Idaho may not be subtracted.

For tax years beginning on or after January 1, 2000, the NOL generally must be carried back to the two preceding years. The carryback is limited to a maximum of \$100,000. Any remaining loss may be carried forward until used, but no longer than 20 years.

For tax years beginning prior to January 1, 2000, the NOL generally must be carried back to the three preceding years. The carryback is limited to a maximum of \$100,000. Any remaining loss may be carried forward until used, but no longer than 15 years.

A corporation can elect to forego the Idaho carryback period and carry the loss forward. This Idaho election must be made by the due date, including extensions, of the loss year return. To make the Idaho election, check the box on line 37 of Form 41, indicating the Idaho election to forego the carryback period, or attach a copy of the federal election to forego the federal NOL carryback to the Idaho loss year return.

An S corporation isn't allowed a deduction for an NOL carryback or carryforward. The loss must be passed through to the shareholder to be taken on his individual income tax return.

## PAYMENTS

Make your check, cashier's check, or money order payable to the Idaho State Tax Commission and attach it to the tax return. Write your federal employer identification number on your check, cashier's check, or money order.

To pay by credit card, debit card, or e-check, visit our Web site at [tax.idaho.gov](http://tax.idaho.gov).

For payments of \$100,000 or more, see Electronic Funds Transfers.

## PENALTIES

Penalties may be imposed on the tax due as follows:

- 0.5% per month or fraction of a month to a maximum of 25% for failure to pay the tax due (if return is filed)
- 2% per month or fraction of a month for failure to meet the extension criteria (the return must be filed by the extended due date and taxes must be paid by the earlier of the date the return is filed or the extended due date)
- 5% per month or fraction of a month to a maximum of 25% for failure to file the return timely

- 5% for negligence or disregard of rules
- 10% for substantial understatement of tax
- 50% for filing a false or fraudulent return

The minimum penalty is \$10.

## PERMANENT BUILDING FUND TAX

A corporation required to file an Idaho income tax return must pay the \$10 permanent building fund tax. This includes homeowners' associations, inactive or nameholder corporations, and nonproductive mining corporations that are registered with the Idaho Secretary of State to do business in Idaho. The \$10 permanent building fund tax must be paid by each corporation in the unitary group that is required to file an Idaho income tax return, even though only one Idaho group return is filed. A corporation under the protection of Public Law 86-272 isn't required to pay the permanent building fund tax.

An S corporation is required to pay the permanent building fund tax for each individual shareholder who meets the Idaho filing requirement but doesn't report his S corporation income on an Idaho individual return. If all shareholders file Idaho individual income tax returns, the S corporation isn't required to pay the permanent building fund tax.

## QUALIFIED SUBCHAPTER S SUBSIDIARIES (QSSS)

Idaho follows the federal election to treat a qualified subsidiary of an S corporation as a QSSS. As a result, the S corporation parent and the subsidiary are treated as one corporation. Income, deductions, and credits of the QSSS are treated as income, deductions, and credits of the parent. Apportionment attributes of the QSSS are also totaled with the parent's apportionment attributes to compute one Idaho apportionment factor.

## ROUNDING

Round the amounts on the return to the nearest whole dollar.

## SIGNATURE

The return must be signed by an authorized individual on behalf of the corporation.

## TAX DUE FOR NONFILING OFFICERS, DIRECTORS, AND SHAREHOLDERS

An individual shareholder, officer, or director may elect to have the corporation or S corporation pay the tax on his income from that corporation or S corporation. This income includes wages, salaries, and other compensation, and the individual's share of income, loss, or deduction. The corporation or S corporation will be taxed on this income at the corporate rate of 7.6%. An individual can't make the election if he must report other income that isn't subject to this election and meets the Idaho filing requirement.

An individual shareholder, officer or director makes the election by not filing an Idaho Individual Income Tax Return. The corporation must include the individual's compensation in the Idaho taxable income of the corporation. The S corporation must include the individual's compensation and his share of the income from the S corporation in computing Idaho taxable income.

You don't need permission from the Tax Commission to make the election nor do you need to file any statement or form.

If an individual who meets the Idaho filing requirement doesn't make the election, and doesn't file his Idaho individual income tax return or doesn't pay the tax due, the corporation or S corporation will be taxed on the income at the corporate rate.

These provisions apply to a corporation with 50% or more of its income taxable by Idaho and to an S corporation that is transacting business in Idaho.

# GENERAL INFORMATION

## TAX PERIOD/YEAR COVERED BY RETURN

Use the 2008 form to file your tax return for calendar year 2008 or the fiscal year beginning in 2008.

## TAX PREPARER CONTACT BOX

This box applies only if you paid a tax preparer to complete your return. If you check the box, you are authorizing the Tax Commission to discuss your return with the paid preparer identified on your return.

You are also authorizing the paid preparer to:

- Give the Tax Commission any information that is missing from your return, and
- Call the Tax Commission for information about the processing of your return or the status of your refund or payments.

You are not authorizing the paid preparer to receive any refund check, bind you to anything including any additional tax liability, or otherwise represent you before the Tax Commission.

This authorization is valid for up to 180 days from the date the Tax Commission receives the return. If you want the Tax Commission to contact you rather than your preparer, leave the box blank.

## GENERAL INFORMATION FOR MULTISTATE & MULTINATIONAL TAXPAYERS AND UNITARY GROUPS

The following instructions apply only to corporations that are taxable in Idaho and another state or country (multistate and multinational corporations) or are part of a unitary group of corporations.

### ALLOCATION AND APPORTIONMENT OF INCOME

**Business Income.** Business income includes income from transactions or activity in the regular course of your trade or business. Business income also includes income from tangible or intangible property if the acquisition, management, or disposition of the property is an integral part of your regular trade or business operations. Business income may result even though the income was derived from an occasional or extraordinary transaction. All business income must be apportioned using the apportionment formula.

**Nonbusiness Income.** Nonbusiness income is all income other than business income and must be allocated, not apportioned. Allocation is the assignment of nonbusiness income to a specific state.

**Apportionment Formula.** The apportionment formula consists of three factors: property, payroll, and sales. These percentages are averaged to arrive at the Idaho apportionment factor. For most taxpayers, the sales factor is double weighted.

Electrical and telephone utilities must use a single-weighted sales factor. See the instructions for Form 42.

### EXCEPTIONS TO APPORTIONMENT FORMULA

The apportionment formula is presumed to be the correct way to apportion business income. However, if the allocation and apportionment provisions don't fairly represent your business activity in Idaho, you can ask the Tax Commission for permission to use separate accounting, exclude one or more factors, or include one or more additional factors.

**Separate Accounting.** Separate accounting means allocating income and related expenses to the state where the activity occurred. You must receive prior approval from the Tax Commission to use separate accounting. Permission won't be granted just because you can identify income and expenses by

location or because the standard apportionment formula results in more tax to Idaho than another method.

In your request to use separate accounting you must explain in detail why the standard allocation and apportionment provisions don't fairly represent the extent of your business activity in Idaho. You must also show that your business has unique and nonrecurring situations that produce inconsistent results. If you have a unitary business, the law assumes that unitary filing and apportionment more accurately reflects your income, unless you can prove otherwise.

You must submit a written request at least 30 days prior to the due date for filing the return, not including extensions. Mail your request to:

Income Tax Policy  
Idaho State Tax Commission  
PO Box 36  
Boise ID 83722-0410

**Exclusion of a Factor.** If any of the factors (property, payroll, or sales) don't apply to your business, use the remaining factors to compute the Idaho apportionment factor. To determine the average percentage, divide only by the number of factors used. For example, if your corporation has no employees anywhere, the number of factors is reduced by one.

**Alternative Tax Computation on Idaho Gross Sales.** A corporation that doesn't own or rent any Idaho property, whether real or personal, and doesn't have any Idaho payroll may elect to pay tax to Idaho at the rate of 1% of gross sales if its Idaho sales are \$100,000 or less. To make this election, you must attach a written statement to the return. Your statement must include your intent to make the election to pay the alternative tax on Idaho gross sales and affirm that for the tax year the corporation:

- Did not have any Idaho property and was not renting any Idaho property,
- Did not have any Idaho payroll, and
- Did not have Idaho sales exceeding \$100,000.

You can't change your election for the year once you file your return. You will compute your tax based on 1% of the Idaho gross sales. You will not compute an Idaho apportionment factor and will not need to complete Form 42 if you have met the criteria listed and attached your election statement.

### MODIFIED FACTORS FOR CERTAIN INDUSTRIES

The following businesses must use special rules in computing the apportionment factors:

- Airlines
- Trucking Companies
- Railroads
- Construction Contractors
- Television and Radio Broadcasters
- Publishers
- Financial Institutions

See the instructions for Form 42.

### UNITARY BUSINESS

A multistate business is unitary when the operations conducted in Idaho are integrated with, depend on, or contribute to the business outside Idaho. There are various judicially acceptable tests that are used to make this determination and a business will be determined to be unitary even if only one of the tests is met. The following are some of these tests:

The three unities test. This test is met if all three of the following unities are met:

# GENERAL INFORMATION

- Unity of ownership;
- Unity of operation as evidenced by central divisions for functions such as purchasing, advertising, accounting, and management; and
- Unity of use in its centralized executive force and generalized system of operations.

The contribution or dependency test. This test is met when the operations in Idaho contribute to or are dependent on the operations of the business performed outside Idaho.

Contributions to income test. This test is met if significant flows of value are present evidenced by factors such as:

- Functional integration
- Centralization of management, and
- Economies of scale

The presence of any of the following generally indicates a unitary business:

1. All activities of the group are in the same general line or type of business,
2. The activities of the group constitute different steps in a vertically structured enterprise, or
3. The group is characterized by strong centralized management and centralized departments exist for functions such as financing, advertising, research, or purchasing.

## COMBINED REPORTING METHOD

The combined report shouldn't be confused with a federal consolidated return. A combined report refers to the method used to compute the amount of business income to be reported to Idaho by each member of a unitary group and not whether the unitary group files a group return or several returns. This method uses the apportionment factor to measure the economic activities of the taxpayer in a state. Use of the combined report doesn't disregard the separate corporate identities of the members of the unitary group.

An S corporation can't use the combined reporting method.

The combined report may be reflected on one group return filed by the unitary group or on two or more returns, one for each member that has an Idaho filing requirement. If a group return is filed for the unitary group, the following information must be attached to the return for each corporation that has an Idaho income tax filing requirement:

- Idaho and combined property, payroll, and sales amounts and the resulting apportionment factor;
- Idaho tax computation;
- Idaho net operating loss calculation; and
- Idaho tax credits and limitations

The combined reporting method is required if two or more corporations are engaged in a unitary business, and more than 50% of the voting stock is owned directly or indirectly by a common owner or owners. For more information, call (800) 972-7660 to order the *Guide to Combined Reporting* or obtain a copy at [tax.idaho.gov](http://tax.idaho.gov).

A change from the use of the combined reporting method is allowed only with prior consent from the Tax Commission. You must submit a written request at least 30 days prior to the due date of the return, not including extensions. Mail your request to:

Income Tax Policy  
Idaho State Tax Commission  
PO Box 36  
Boise ID 83722-0410

## WORLDWIDE FILING

If a taxpayer is part of a unitary group, the combined report must include the income or loss and apportionment factor attributes of all unitary affiliates with more than 50% common ownership. This includes corporations incorporated outside the United States.

## WATER'S EDGE ELECTION

The water's edge election is applicable only to a unitary business that has ownership in at least one foreign affiliate who doesn't file a federal income tax return. The business may elect to exclude foreign affiliates from the combined report unless they are included in a federal return and be taxed only on a percentage of any dividends received from the foreign affiliates.

Only the income and apportionment factors of unitary corporations filing a federal income tax return or included in a federal consolidated return are taken into account in determining Idaho taxable income. A corporation that files an election under IRC Section 936 (possession corporation) is excluded from the combined report. However, the taxable income of the possession corporation is treated as a deemed dividend subject to the partial exclusion that applies to foreign dividends.

To make a valid water's edge election, the Water's Edge Election and Consent Form, Form 14, must be filed with the original return for the first year the election is made. The election can't be made on an amended return. If a taxpayer wishes to change from the water's edge method to the worldwide filing method, permission must be requested from the Tax Commission.

The domestic disclosure spreadsheet must be filed within six months after filing the Form 41. A unitary business may elect to forgo the filing of the spreadsheet; however, the 85% exclusion of dividends from foreign corporations and from IRC Section 936 corporations must be reduced to 80%. The election to forgo filing the spreadsheet is a yearly decision made by checking the "Yes" box on line 9b, Form 41.

To request the Idaho Water's Edge Election and Consent Form, and the domestic disclosure spreadsheet and instructions, call (800) 972-7660. You may obtain a copy of the Water's Edge Election Pamphlet at [tax.idaho.gov](http://tax.idaho.gov).

## MULTISTATE CORPORATE MEMBERS OF PARTNERSHIPS

If a corporation required to file an Idaho income tax return is a member of an operating partnership or joint venture, the corporation must apportion its share of the partnership's business income or loss along with all other net business income or loss of the corporation. The corporation's share of the partnership's property, payroll and sales is determined in the same proportion as the partnership's income is distributed and must be included in the corporation's apportionment computation.

## NET OPERATING LOSS (NOL)

Each affiliated corporation included in a unitary group return must compute its own share of the combined NOL apportioned to Idaho and apply its loss to its apportioned income.

# FORM 41 SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.  
General information instructions beginning on page 1 also apply to this form.

## HEADING

File the 2008 return for calendar year 2008 or a fiscal year that begins in 2008. For a fiscal year, fill in the tax year space at the top of the form.

Write your business name, address, and federal employer identification number (EIN) in the space provided. Do not include the dash when entering your EIN.

## AMENDED RETURN

This form can be used as an original return or as an amended return. If you are filing this form as an amended return, check the box at the top of the form. Enter the applicable reason(s) for amending, as listed below. Complete the entire form using the corrected amounts.

1. Federal Audit
2. Capital Loss Carryback
3. Net Operating Loss Carryback - Attach Form 56 or a schedule showing the application of the loss.
4. Federal Amended
5. Other - Attach an explanation.

## QUESTIONS 1-11

Mark the appropriate boxes and provide the requested information. Each question must be answered or the return will be considered incomplete. Incomplete returns will cause processing delays.

### Question 1 NAME CHANGE

If the corporation changed its name since it last filed, check the "Yes" box and enter the name the way it appeared on the last return filed.

### Question 2 FEDERAL AUDIT

If a federal audit was finalized during the tax year, enter the most recent tax year covered in the audit.

### Question 3 INACTIVE OR NAMEHOLDER CORPORATIONS

Check the "Yes" box if the corporation is authorized to transact business in Idaho but has no business activity and no income attributable to Idaho.

### Question 4 QUARTERLY ESTIMATED PAYMENTS

Check the "No" box if the corporation wasn't required to make federal quarterly estimated payments in 2008.  
Check the "Yes" box if your quarterly estimated payments were based on annualized amounts.

### Question 5 FINAL RETURN

If this is the corporation's final return for Idaho, check the box that explains the reason and enter the date the event occurred. Enter the new federal EIN if the corporation has merged or reorganized.

### Question 6 EXTENDED FEDERAL DUE DATE FOR SHORT PERIOD RETURN

If this is a short period return and the corporation has an extended federal due date, enter the federal due date on this line.

### Question 7 ELECTRICAL OR TELEPHONE UTILITY

If this return is for an electrical or telephone utility, check the "Yes" box. Electrical and telephone utilities apportion business income using a different apportionment factor calculation.

### Question 8 COMBINED REPORTING INFORMATION

Check the "Yes" box if this return is prepared using the combined reporting method. Even if you checked the "No" box, answer questions a through c. Attach Form 41A if you answer yes to any of the questions 8 through 8d.

- a. If the corporation filing this return owns more than 50% of another corporation, check the "Yes" box.
- b. If another corporation owns more than 50% of the corporation filing this return, check the "Yes" box.
- c. If the same interest owns more than 50% of the corporation filing this return and another corporation, check the "Yes" box.
- d. Check the "Yes" box if this is a combined report and two or more corporations included in the report are authorized to transact business in Idaho or are transacting business in Idaho.

## Question 9 MULTINATIONAL TAXPAYER

- a. If the corporation filing this return is a multinational taxpayer, indicate whether the return is prepared on a worldwide or water's edge method. If you are electing water's edge, Form 14 is required. If you are filing an amended return, you can't change your election.
- b. If this return is filed by a multinational taxpayer using the water's edge method, you may elect to forgo filing the domestic disclosure spreadsheet by checking the "Yes" box.
- c. If this return is filed on a worldwide basis, check the "Yes" box if the income of foreign subsidiaries is computed by conforming their profit and loss statements to tax accounting standards that would be required by the Internal Revenue Code (IRC) if the foreign subsidiaries were required to file federal income tax returns. All book to tax adjustments must be made for all foreign subsidiaries if this method is used.

## Question 10 PROPERTY TAX EXEMPTION

Check the "Yes" box if you elected the property tax exemption on personal property that qualifies for the investment tax credit. Attach a copy of your Form 49E.

## Question 11 INSURANCE COMPANIES

Check the "Yes" box if a corporation included in this report is an insurance company paying the Idaho premium tax required by Idaho Code section 41-405.

## ADDITIONS

### LINE 12 FEDERAL TAXABLE INCOME

Enter the taxable income from federal Form 1120, line 30.

Unitary groups having only domestic affiliates (not using Part II, Form 42) should make the following adjustments to the federal consolidated taxable income:

- include the amount of federal taxable income of unitary affiliates commonly owned more than 50% that weren't included in the federal consolidated return.
- exclude the amount of federal taxable income of affiliates included in the federal consolidated return that weren't unitary.

Both amounts should be adjusted for intercompany transactions.

Unitary groups with foreign affiliates will make these adjustments on Form 42.

### LINE 13 INTEREST AND DIVIDENDS NOT TAXABLE UNDER INTERNAL REVENUE CODE (IRC)

Enter the interest and dividends net of applicable amortization received or accrued from obligations of any state or political subdivision excluded from federal taxable income under the provisions of the IRC. Attach a schedule.

### LINE 14 STATE, MUNICIPAL, AND LOCAL TAXES

Enter the total of all state, municipal, and local taxes measured by net income that have been paid or accrued during the tax year less any refunds that have been included in federal taxable

# FORM 41

income. Attach a schedule of all taxes deducted on the federal return.

## LINE 16 DIVIDENDS RECEIVED DEDUCTION

Enter the special deduction for dividends deducted from federal income as allowed by IRC Sections 243(a) and (c), 244, 245 and 246A.

## LINE 17 OTHER ADDITIONS

Enter any miscellaneous Idaho additions. If you are a multinational taxpayer, include the total additions from Form 42, Part II, line 8. Attach a schedule identifying each addition.

## SUBTRACTIONS

### LINE 19 FOREIGN DIVIDEND GROSS-UP

Enter the foreign dividend gross-up, as provided by IRC Section 78, included in federal taxable income.

### LINE 20 INTEREST FROM IDAHO MUNICIPAL SECURITIES

Enter interest from securities issued by the state of Idaho and its political subdivisions, if included on line 13.

### LINE 21 INTEREST ON U.S. GOVERNMENT OBLIGATIONS

Interest income from obligations of the U.S. Government isn't subject to the Idaho tax. Deduct any U.S. Government interest included in federal taxable income, line 12. Examples of obligations of the U.S. Government include:

- Banks for Cooperatives
- Federal Farm Credit Banks
- Federal Financing Bank
- Federal Homeowners Loan Bank
- Federal Intermediate Credit Bank
- Federal Land Bank
- Guam
- Puerto Rico
- Student Loan Marketing Association
- Tennessee Valley Authority Bonds
- Territory of Alaska
- Territory of Hawaii
- Territory of Samoa
- U.S. Series EE and HH Bonds
- U.S. Treasury Bills and Notes
- Virgin Islands

Interest income received from the Federal National Mortgage Association (FNMA) and the Government National Mortgage Association (GNMA) isn't paid by the U.S. Government and is subject to Idaho income tax.

If you have interest income from a mutual fund that invests in both nonexempt securities and exempt U.S. Government securities, you may deduct the portion of the interest earned that is attributable to direct U.S. Government obligations. This amount must be identified by the mutual fund to be deductible.

### LINE 22 INTEREST EXPENSE OFFSET

Enter the amount from line 5 of the following computation. This is the interest expense offset.

- Interest expense. Total interest expense deducted in determining federal taxable income \_\_\_\_\_
- Interest expense disallowed under IRC Sections 265 and 291 \_\_\_\_\_
- Interest expense from a pass-through entity \_\_\_\_\_
- Interest expense of foreign corporations included in the combined report \_\_\_\_\_
- Subtotal. Add lines a through d \_\_\_\_\_
- Interest expense of corporations included in the consolidated federal return but not part of the combined report filed with Idaho \_\_\_\_\_
- Intercompany interest expense \_\_\_\_\_

- Total interest expense. Subtract lines f and g from line e \_\_\_\_\_
- Total tax-exempt income (interest on qualifying obligations of the state of Idaho, its cities, and political subdivisions) \_\_\_\_\_
- Total income. Refer to Rule 115, Idaho Income Tax Administrative Rules \_\_\_\_\_
- Divide line 2 by line 3 \_\_\_\_\_ %
- Multiply line 1h by line 4 \_\_\_\_\_

### LINE 24 TECHNOLOGICAL EQUIPMENT DONATION

Enter the fair market value of technological equipment donated to a public elementary or secondary school, public or private college or university, public library, or library district located in Idaho. Items that qualify for this deduction are limited to computers, computer software, and scientific equipment or apparatus manufactured within five years of the date of donation. The amount deducted may not reduce Idaho taxable income to less than zero. Any unused deduction can't be carried to another year.

### LINE 25 ALLOCATED INCOME

Enter the amount of nonbusiness income. A schedule detailing the source of income and explaining why the income was classified as nonbusiness must be attached.

### LINE 26 NONBUSINESS EXPENSE OFFSET

Expenses included in federal taxable income that are related to the production of allocated nonbusiness income listed on line 25 must be added back. Related expenses include interest on indebtedness incurred or continued to purchase or carry the assets that produce the nonbusiness interest and dividend income. Interest expense related to business and nonbusiness income must be prorated. Complete the following computations to calculate the total amount of nonbusiness expense offset.

- Expenses directly related to nonbusiness income \_\_\_\_\_
- Interest expense. Total interest expense deducted in determining federal taxable income \_\_\_\_\_
  - Interest expense disallowed under IRC Sections 265 and 291 \_\_\_\_\_
  - Interest expense from a pass-through entity \_\_\_\_\_
  - Interest expense of foreign corporations included in the combined report \_\_\_\_\_
  - Subtotal. Add lines a through d \_\_\_\_\_
  - Interest expense of corporations included in the consolidated report filed with Idaho if included in line 2a \_\_\_\_\_
  - Interest expense included in line 1 \_\_\_\_\_
  - Interest expense on line 22 attributable to tax-exempt income \_\_\_\_\_
  - Intercompany interest expense \_\_\_\_\_
  - Total interest expense. Subtract lines f through i from line e \_\_\_\_\_
- Total nonbusiness income \_\_\_\_\_
- Total income. Refer to Rule 115, Idaho Income Tax Administrative Rules \_\_\_\_\_
- Divide line 3 by line 4 \_\_\_\_\_ %
- Multiply line 2j by line 5. This is the interest expense prorated to nonbusiness income \_\_\_\_\_
- Other expenses related to both business and nonbusiness income \_\_\_\_\_
- Multiply line 7 by line 5 \_\_\_\_\_
- Add lines 1, 6, and 8. Enter amount on line 26 \_\_\_\_\_

### LINE 28 BONUS DEPRECIATION

If you claimed federal bonus depreciation for property placed in service before 2008, you must complete a separate federal Form 4562 or detailed computation to compute your Idaho depreciation without claiming any amounts for the special depreciation allowance. If the federal depreciation is less than the Idaho depreciation, include the difference as a subtraction on

# FORM 41

this line. Attach the federal Form 4562 or detailed computation used to compute the Idaho depreciation.

If you sold or exchanged property on which you claimed the bonus depreciation, compute the difference in the Idaho gain or loss and the federal amount and subtract the difference. Attach all applicable forms.

Do not enter any amounts for property placed in service after 2007.

## LINE 29 OTHER SUBTRACTIONS

Enter any miscellaneous Idaho deductions. Multinational taxpayers include the total deductions from Form 42, Part II, line 14. Attach a schedule identifying each deduction.

## LINE 33 APPORTIONMENT FACTOR

If all the activity is in Idaho, enter 100%. If the corporation has multistate/multinational operations, enter the apportionment factor from Form 42, Part I, line 21. Attach Form 42.

## LINE 35 INCOME ALLOCATED TO IDAHO

Enter the amount of nonbusiness income allocated to Idaho less the nonbusiness interest offset computed on line 26 that applies to this income. A schedule detailing the source of income allocated to Idaho must be attached.

## LINE 36 IDAHO NET OPERATING LOSS (NOL) CARRYOVER AND CARRYBACK

Enter the Idaho NOL carryover. If this is an amended return to claim an NOL, enter the amount of the NOL carryback.

Enter the total of the NOL carryover and carryback amounts on line 36. Attach Form 56 or a schedule showing the application of the loss.

## LINE 37 IDAHO TAXABLE INCOME AND ELECTION TO FOREGO NOL CARRYBACK

Enter the Idaho taxable income.

Check the box on line 37 if the corporation elects to forego the Idaho carryback period for an NOL. If you check this box, you don't need to attach a separate statement electing to forego the Idaho carryback period. The federal election will be accepted for Idaho purposes only if you attach a copy of the federal election to forego the federal NOL carryback to the Idaho loss year return. If you are filing an amended return, you can't change your election.

## TAXES

### LINE 38 IDAHO INCOME TAX

Enter the amount of Idaho income tax computed at 7.6% of Idaho taxable income. The amount must be a minimum of \$20. Nonproductive mining corporations and nonprofit corporations with no unrelated business income aren't subject to the \$20 minimum tax. Each corporation included in a group return and required to file is subject to the \$20 minimum tax.

If a multistate corporation's only activity in Idaho consists of sales that don't exceed \$100,000, the corporation may elect to pay tax at the rate of 1% of its Idaho gross sales. You must attach a statement to make the election. See Alternative Tax Computation on Idaho Gross Sales on page 4 for the required information. Show the computation of the tax on line 38. This will be 1% multiplied by Idaho gross sales. Do not compute an Idaho apportionment factor or apply one to the Idaho gross sales for this tax computation.

For corporations required to pay a franchise tax rather than an income tax, enter the amount of the franchise tax on this line. This tax is also computed at 7.6% of Idaho taxable income. See Franchise Tax on page 2.

## CREDITS

### LINE 39 CREDIT FOR CONTRIBUTIONS TO IDAHO EDUCATIONAL ENTITIES

If the corporation donated cash or goods to a qualified educational entity, it may claim a tax credit. If you claimed or earned the credit for qualifying new employees, enter the amount computed on Form 55, Part III, line 5. Otherwise, the credit is limited to the smallest of:

- one-half of the amount donated,
- 10% of the tax on line 38, or
- \$1,000

A qualified educational entity includes:

- a nonprofit corporation, fund, foundation, research park, trust, or association organized and operated exclusively for the benefit of Idaho colleges and universities
- a nonprofit, private or public Idaho school (elementary, secondary or higher education) or its foundation
- Idaho education public broadcast system foundations
- the Idaho State Historical Society or its foundation
- an Idaho public library or its foundation
- an Idaho library district or its foundation
- an Idaho public or private nonprofit museum
- the Idaho Commission for Libraries

### LINE 40 CREDIT FOR CONTRIBUTIONS TO IDAHO YOUTH AND REHABILITATION FACILITIES

If the corporation donated cash or goods to a qualified center for independent living, to a youth or rehabilitation facility or their foundations, or to a nonprofit substance abuse center licensed by the Idaho Department of Health and Welfare, it may claim a tax credit. If you claimed or earned the credit for qualifying new employees, enter the amount computed on Form 55, Part III, line 9. Otherwise, the credit is limited to the smallest of:

- one-half of the amount donated,
- 10% of the tax on line 38,
- \$500, or
- the tax on line 38 less the amounts on line 39 and Form 44, Part I, line 1

The qualified youth or rehabilitation facilities and their foundations are:

- Anchor House
- The Arc, Inc., Boise
- The Children's Home Society of Idaho, Inc., Boise
- The Children's Village, Inc., Coeur d'Alene
- Dawn Enterprises, Inc., Blackfoot
- Development Workshop, Inc., Idaho Falls
- Gem Youth Services, Emmett
- High Reachers, Inc., Mountain Home
- Hope House, Inc., Nampa
- Idaho Drug Free Youth, Inc., Coeur d'Alene
- Idaho Elks Rehabilitation Hospital, Inc., Boise
- Idaho Youth Ranch
- Kinderhaven, Sandpoint
- Learning Lab, Inc., Boise
- Magic Valley Rehabilitation Services, Inc., Twin Falls
- New Day Products, Inc., Pocatello
- Northwest (North Idaho) Children's Home
- Opportunities Unlimited, Inc., Lewiston
- Panhandle Special Needs, Inc., Sandpoint
- Project P.A.T.C.H. (Planned Assistance for Troubled Children)
- Project Safe Place, in Idaho
- Shepherd's Home, Inc., McCall
- Transitional Employment Services for the Handicapped, Coeur d'Alene
- Walker Center, Gooding
- Western Idaho Training Co., Inc., Caldwell

# FORM 41

- Winchester Occupational Workshop, Winchester
- Women's and Children's Alliance

The following are the qualified centers for independent living:

- Disability Action Center Northwest, Moscow and Coeur d'Alene
- Living Independence Network Corporation, Boise and Twin Falls
- Living Independently For Everyone, Inc., Blackfoot, Idaho Falls, and Pocatello

## LINE 41 TOTAL BUSINESS INCOME TAX CREDITS

Enter the total business income tax credits from Form 44, Part I, line 12. See page 15 for specific instructions. Attach Form 44.

## OTHER TAXES

### LINE 44 PERMANENT BUILDING FUND TAX

Enter \$10 for each corporation required to file, including nonproductive mining corporations. Each corporation included in a group return and required to file must pay the \$10 permanent building fund tax.

### LINE 45 TOTAL TAX FROM RECAPTURE OF INCOME TAX CREDITS

Enter the total tax from recapture of income tax credits from Form 44, Part II, line 7. See page 16 for specific instructions. Attach Form 44.

### LINE 46 TAX ON IDAHO COMPENSATION

If the apportionment factor on line 33 is 50% or more, an individual officer, director, or shareholder may elect to have the corporation report and pay tax on his wages, salaries and other compensation from the corporation that are reportable to Idaho. The election can't be made if the individual has other Idaho income to report. Compute the tax by multiplying the wages, salaries, and other compensation reportable to Idaho by 7.6%.

### LINE 47 FUELS TAX DUE

If you buy gasoline, aircraft fuel, or special fuels (diesel, propane, natural gas) without paying the fuels tax and later use this fuel in licensed vehicles or aircraft, fuels tax is due. Add the amounts on Form 75, Section IV, lines 3 and 4 and enter the total. Attach Form 75.

### LINE 48 SALES/USE TAX DUE

If you made purchases during the year without paying sales tax, you must report use tax due on such purchases. Examples include magazine subscriptions, out-of-state catalog purchases, merchandise purchased over the Internet, book and record clubs, purchases in a state where no sales tax was charged, etc. Multiply the total amount of such purchases by 6% (.06).

If you computed use tax on Form 75, add it to the use tax on other purchases and enter the total on line 48.

If you have a sales or use tax account, don't enter your sales or use tax on this line, but continue to report the tax on these purchases on your sales and use tax returns.

### LINE 49 TAX FROM RECAPTURE OF QUALIFIED INVESTMENT EXEMPTION (QIE)

If you have claimed the QIE for property tax on property that ceases to qualify before the end of the five-year recapture period, you must recapture part or all of the property tax benefit. Enter the amount from Form 49ER, Part III, line 18. Attach Form 49ER.

### LINE 51 UNDERPAYMENT INTEREST

Use Form 41ESR, Part I, Underpayment of Estimated Tax by Corporations, to determine if there is an underpayment

of any quarterly estimated payments. Enter the amount of underpayment interest from Form 41ESR, Part II, line 24. Attach Form 41ESR.

If this is an amended return, enter the amount from the original return.

## PAYMENTS AND OTHER CREDITS

### LINE 53 ESTIMATED TAX PAYMENTS

Enter the total amount of estimated tax payments made for the tax year 2008 from the following forms:

- Forms 41ES, Quarterly Estimated Tax / Extension of Time Payment, and
- the amount applied from your 2007 return.

### LINE 54 SPECIAL FUELS AND GASOLINE TAX REFUND

The special fuels (diesel, propane, natural gas) tax refund is available to those who use the fuel for heating or in off-highway equipment and have paid the tax on the special fuels purchased. Enter the amount from Form 75, Section IV, line 2. Attach Form 75.

The gasoline tax refund is available to those who buy and use gasoline in off-highway equipment or auxiliary engines. Enter the amount from Form 75, Section IV, line 1. Attach Form 75.

## REFUND OR PAYMENT DUE

### LINE 57 PENALTY AND INTEREST

Penalty and interest are computed on the tax on line 56 less the underpayment interest on line 51.

**Penalty.** If the corporation files a return after the due date or fails to pay the required amount by the due date, a penalty may be due. To avoid paying any penalty, the corporation must:

- pay by the original due date at least 80% of the tax due on the return or 100% of the total tax reported last year, and
- file the return by the extended due date and pay the tax due by the earlier of the date the return is filed or the extended due date.

If the corporation pays at least 80% of the tax due on the return or 100% of the total tax reported last year by the original due date, but fails to file the return by the extended due date or pay the remaining tax by the earlier of the date the return is filed or the extended due date, the following penalties will apply:

- If the return is filed on or before the extended due date, a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to date of payment, or
- If the return is filed after the extended due date, a 5% per month late filing penalty will be computed on tax due from the extended due date to the earlier of the date the return is filed or the date the tax is paid, plus a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date the tax is paid, if the tax is paid after the return is filed.

If the corporation doesn't pay at least 80% of the tax due on the return or 100% of the total tax reported last year by the original due date, the following penalties will apply unless the payment required to satisfy the extension criteria is \$50 or less:

- If the return is filed by the original due date, a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date of payment.
- If the return is filed on or before the extended due date, a 2% per month extension penalty will be computed on tax due from the original due date to the earlier of the date the tax is paid or the date the return is filed, plus a 0.5% per month late

# FORM 41

payment penalty will be computed on tax due from the date the return is filed to the date the tax is paid, if the tax is paid after the return is filed.

- If the return is filed after the extended due date, but the tax is paid on or before the extended due date, a 2% per month extension penalty will be computed on tax due from the original due date to the date the tax is paid.
- If the return is filed and the tax is paid after the extended due date, the maximum 25% penalty will apply.

The minimum penalty is \$10. The maximum penalty is 25% of tax due.

**Interest.** Interest is charged from the due date until paid. The rate for 2009 is 5%.

## LINE 60 REFUND

If you are filing an original return, you may receive all or part of the overpayment listed on line 59 as a refund, or apply all or part of the overpayment to your 2009 estimated tax. Enter the amount you wish to receive as a refund on this line. If you enter the total amount from line 59, you must enter zero on line 61.

## LINE 61 ESTIMATED TAX

If you are filing an original return, you may apply all or part of the overpayment listed on line 59 as a credit against your 2009 estimated tax. The amount you list on this line plus the amount on line 60 must equal the overpayment listed on line 59. If you listed the total overpayment as the amount you want refunded to you on line 60, you must enter zero on this line.

## AMENDED RETURN ONLY

Complete lines 62 through 65 only if you are filing this return as an amended return.

## LINE 62 TOTAL TAX DUE OR OVERPAYMENT ON THIS RETURN

If the tax due shown on line 58 is greater than zero, enter this amount on line 62. The amount from line 58 should be entered as a positive amount.

If line 58 is zero, enter the amount of overpayment from line 59 on line 62. The amount from line 59 should be entered as a negative amount.

# FORM 41S SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.  
General information instructions beginning on page 1 also apply to this form.

The S corporation must provide each shareholder with a schedule that shows all Idaho income, deductions, apportionment factors, tax credits and tax credit recapture reportable by the shareholder. A copy of this schedule and the federal Schedule K-1, Form 1120S must be attached to the Idaho Form 41S.

## HEADING

File the 2008 return for calendar year 2008 or a fiscal year that begins in 2008. For a fiscal year, fill in the tax year space at the top of the form.

Write your business/company name, address, and federal employer identification number (EIN) in the space provided.

## AMENDED RETURN

This form can be used as an original return or as an amended return. If you are filing this form as an amended return, check the box at the top of the form. Enter the applicable reason(s) for amending, as listed below. Complete the entire form using the corrected amounts.

1. Federal Audit
2. Capital Loss
3. Federal Amended
4. Other - Attach an explanation

## QUESTIONS 1-13

Mark the appropriate boxes and provide the requested information. Each question must be answered or the return will be considered incomplete. Incomplete returns will cause processing delays.

### QUESTION 1 NAME CHANGE

If the corporation changed its name since it last filed, check the "Yes" box and enter the name the way it appeared on the last return filed.

### QUESTION 2 FEDERAL AUDIT

If a federal audit was finalized during the tax year, enter the most recent tax year covered in the audit.

## QUESTION 3 INACTIVE OR NAMEHOLDER CORPORATIONS

Check the "Yes" box if the S corporation is authorized to transact business in Idaho but has no business activity and no income attributable to Idaho.

## Question 4 QUARTERLY ESTIMATED PAYMENTS

- a. Check the "No" box if the corporation wasn't required to make federal quarterly estimated payments in 2008.
- b. Check the "Yes" box if your quarterly estimated payments were based on annualized amounts.

## Question 5 FINAL RETURN

If this is the corporation's final return for Idaho, check the box that explains the reason and enter the date the event occurred. Enter the new federal EIN if the corporation has been merged or reorganized.

## Question 6 ELECTRICAL OR TELEPHONE UTILITY

If this return is for an electrical or telephone utility, check the "Yes" box. Electrical and telephone utilities apportion business income using a different apportionment factor calculation.

## Question 7 OWNERSHIP CHANGE

Check the "Yes" box if a shareholder terminated his interest in the corporation or if a new shareholder acquired an interest in the corporation.

## Question 8 CREDIT FOR QUALIFYING NEW EMPLOYEES

Enter the amount shown on Form 55, Part II, line 12. This is the credit for qualifying new employees the corporation earned for the tax year.

## Question 9 INVESTMENT TAX CREDIT

Enter the amount shown on Form 49, Part I, line 2. This is the Idaho investment tax credit the corporation earned for the tax year.

## Question 10 BROADBAND EQUIPMENT INVESTMENT CREDIT

Enter the amount shown on Form 68, line 2. This is the broadband equipment investment credit the corporation earned for the tax year.

# FORM 41S

## Question 11 CREDIT FOR IDAHO RESEARCH ACTIVITIES

Enter the amount shown on Form 67, line 16. This is the credit for Idaho research activities the corporation earned for the tax year.

## Question 12 BIOFUEL INFRASTRUCTURE INVESTMENT TAX CREDIT

Enter the amount shown on Form 71, line 2. This is the biofuel infrastructure investment tax credit earned for the tax year.

## Question 13 PROPERTY TAX EXEMPTION

Check the "Yes" box if you elected the property tax exemption on personal property that qualifies for the investment tax credit. Attach a copy of your Form 49E.

## INCOME

### LINE 17 PORTFOLIO INCOME

Enter your net portfolio income or loss from Form 1120S, Schedule K, lines 4, 5a, 6, 7, and 8a.

### LINE 18 OTHER INCOME

Enter your other income from Form 1120S, Schedule K, lines 9 and 10.

Enter any other income or loss required to be reported separately to shareholders from the federal Form 1120S, Schedule K, line 17d.

## ADDITIONS

### LINE 20 INTEREST AND DIVIDENDS NOT TAXABLE UNDER INTERNAL REVENUE CODE (IRC)

Enter the interest and dividends net of applicable amortization received or accrued from obligations of any state or political subdivision excluded from federal income under the provisions of the IRC. Attach a schedule.

### LINE 21 STATE, MUNICIPAL, AND LOCAL TAXES

Enter the total of all state, municipal, and local taxes measured by net income that have been paid or accrued during the tax year less any refunds that have been included in federal income. Include taxes paid on capital gains, built-in gains and excess net passive income. Attach a schedule of all taxes deducted on the federal return.

### LINE 22 OTHER ADDITIONS

Enter any miscellaneous Idaho additions. Include any additions from separately stated items you are required to report. Attach a schedule identifying each addition.

## SUBTRACTIONS

### LINE 24 INTEREST FROM IDAHO MUNICIPAL SECURITIES

Enter interest from securities issued by the state of Idaho and its political subdivisions, if included on line 20.

### LINE 25 INTEREST ON U.S. GOVERNMENT OBLIGATIONS

Interest income from obligations of the U.S. Government isn't subject to the Idaho tax. Deduct any U.S. Government interest included in federal income. Examples of obligations of the U.S. Government include:

- Banks for Cooperatives
- Federal Farm Credit Banks
- Federal Financing Bank
- Federal Homeowners Loan Bank
- Federal Intermediate Credit Bank
- Federal Land Bank
- Guam
- Puerto Rico
- Student Loan Marketing Association
- Tennessee Valley Authority Bonds

- Territory of Alaska
- Territory of Hawaii
- Territory of Samoa
- U.S. Series EE and HH Bonds
- U.S. Treasury Bills and Notes
- Virgin Islands

Interest income received from the Federal National Mortgage Association (FNMA) and the Government National Mortgage Association (GNMA) isn't paid by the U.S. Government and is subject to Idaho income tax.

If you have interest income from a mutual fund that invests in both nonexempt securities and exempt U.S. Government securities, you may deduct the portion of the interest earned that is attributable to direct U.S. Government obligations. This amount must be identified by the mutual fund to be deductible.

### LINE 26 INTEREST EXPENSE OFFSET

Enter the amount from line 5 of the following computation. This is the interest expense offset.

- a. Interest expense. Total interest expense deducted in determining federal income .....
- b. Interest expense disallowed under IRC Sections 265 and 291 .....
- c. Interest expense from a pass-through entity.....
- d. Intercompany interest expense .....
- e. Total interest expense. Add lines a through c and subtract line d .....
2. Total tax-exempt income (interest on qualifying obligations of the United States and interest on qualifying obligations of the state of Idaho, its cities, and political subdivisions) .....
3. Total income. Refer to Rule 115, Idaho Income Tax Administrative Rules.....
4. Divide line 2 by line 3 .....%
5. Multiply line 1e by line 4.....

### LINE 28 TECHNOLOGICAL EQUIPMENT DONATION

Enter the fair market value of technological equipment donated to a public elementary or secondary school, public or private college or university, public library, or library district located in Idaho. Items that qualify for this deduction are limited to computers, computer software, and scientific equipment or apparatus manufactured within five years of the date of donation. The amount deducted may not reduce Idaho taxable income to less than zero. Any unused deduction can't be carried to another year.

### LINE 29 ALLOCATED INCOME

Enter the amount of nonbusiness income. A schedule detailing the source of income and explaining why the income was classified as nonbusiness must be attached.

### LINE 30 NONBUSINESS EXPENSE OFFSET

Expenses included in computing federal income that are related to the production of allocated nonbusiness income listed on line 29 must be added back. Related expenses include interest on indebtedness incurred or continued to purchase or carry the assets that produce the nonbusiness interest and dividend income. Interest expense related to business and nonbusiness income must be prorated. Complete the following computations to calculate the total amount of nonbusiness expense offset.

1. Expenses directly related to nonbusiness income .....
- 2a. Interest expense. Total interest expense deducted in determining federal income .....
- b. Interest expense disallowed under IRC Sections 265 and 291 .....
- c. Interest expense from a pass-through entity.....
- d. Subtotal. Add lines a through c .....

- e. Interest expense included in line 1 .....
- f. Interest expense on line 26 attributable to tax-exempt income.....
- g. Intercompany interest expense .....
- h. Total interest expense. Subtract lines e, f and g from line d .....
3. Total nonbusiness income .....
4. Total income. Refer to Rule 115, Idaho Income Tax Administrative Rules.....
5. Divide line 3 by line 4.....%
6. Multiply line 2h by line 5. This is the interest expense prorated to nonbusiness income .....
7. Other expenses related to both business and nonbusiness income .....
8. Multiply line 7 by line 5 .....
9. Add lines 1, 6, and 8. Enter amount on line 30....

## LINE 32 BONUS DEPRECIATION

If you claimed federal bonus depreciation for property placed in service before 2008, you must complete a separate federal Form 4562 or detailed computation to compute your Idaho depreciation without claiming any amounts for the special depreciation allowance. If the federal depreciation is less than the Idaho depreciation, include the difference as a subtraction on this line. Attach the federal Form 4562 or detailed computation used to compute the Idaho depreciation.

If you sold or exchanged property on which you claimed the bonus depreciation, compute the difference in the Idaho gain or loss and the federal amount and subtract the difference. Attach all applicable forms.

Do not enter any amounts for property placed in service after 2007.

## LINE 33 OTHER SUBTRACTIONS

Enter any miscellaneous Idaho deductions. Include any deductions from separately stated items you are required to report. Attach a schedule identifying each deduction.

## LINE 37 APPORTIONMENT FACTOR

If all the activity is in Idaho, enter 100%. If the S corporation has multistate/multinational operations, enter the apportionment factor from Form 42, Part I, line 21. Attach Form 42.

## LINE 39 INCOME ALLOCATED TO IDAHO

Enter the amount of nonbusiness income allocated to Idaho less the nonbusiness expense offset computed on line 30 that applies to this income. A schedule detailing the source of income allocated to Idaho must be attached.

## LINE 40 IDAHO COMPENSATION OF OFFICERS, DIRECTORS, AND SHAREHOLDERS

Add the wages, salaries, and other compensation reportable to Idaho of individual shareholders, officers, and directors who elect to have the S corporation pay the tax on this income. The election can't be made if the shareholder, officer, or director has other Idaho income to report. Don't include the amounts paid to a shareholder, officer, or director who doesn't meet the Idaho individual income tax filing requirements.

## LINE 41 INCOME REPORTED ON SHAREHOLDERS' IDAHO RETURNS

Determine the amounts from lines 38 and 39 that are reported by the shareholders on their Idaho income tax returns. Don't enter amounts attributable to individual shareholders who have no other income reportable to Idaho and elect to report S corporation income on the S corporation return. Include amounts attributable to individual shareholders who don't meet the Idaho individual income tax filing requirements.

## CREDITS

Credits earned by the S corporation are passed through to each shareholder based on that shareholder's pro rata share of S corporation income or loss. When an S corporation has a fiscal year end other than that of the shareholder, the credit passes through in the same period that the S corporation income or loss is reported by the shareholder for federal tax purposes.

The S corporation must prepare and distribute to each shareholder a schedule that shows all Idaho income and deductions that must be reported on the shareholder's Idaho income tax return. The schedule must also include the shareholder's pro rata share of amounts that are eligible for tax credits. Each shareholder uses this information to determine the Idaho credit earned, recapture, and carryover to be reported on the Idaho income tax return. Credits reported by each shareholder are subject to the limitations applicable to that shareholder. Copies of these schedules must be attached to the Idaho S Corporation Income Tax Return for the year in which the credit is earned. Credit information reported on the schedule should include the following:

- Donation amount and qualified entity
- Amount of each credit earned
- Amount of recapture for any of the credits

If an individual shareholder elects to have his share of the income taxed on the S corporation's return, the tax may be offset by the credit allowed to that shareholder for that year. Credits applied to this tax are computed based on the credit limitations applicable to corporations. For example, if an S corporation pays the tax for three individual shareholders, the amount of credit for contributions to educational institutions is the lesser of the following amounts:

- 50% of the three shareholders' share of the amount donated
- 10% of the tax computed for the three shareholders, or
- \$1,000

Credits allowed to a shareholder that aren't used to offset his tax can't be used to offset the tax computed for other shareholders. The following credits, however, are available to be transferred to another taxpayer rather than used by the taxpayer who earns the credit:

- Broadband equipment investment credit
- Incentive investment tax credit

To claim a credit you acquired through a transfer, you must attach a copy of the Idaho Statement of Credit Transfer, Form 70, to each return on which you are claiming transferred credit.

## LINE 44 CREDIT FOR CONTRIBUTIONS TO IDAHO EDUCATIONAL ENTITIES

If the S corporation donated cash or goods to a qualified educational entity, it may claim a tax credit. If you claimed or earned the credit for qualifying new employees, report the amount on Form 55, Part III, line 5. Otherwise, the credit is limited to the smallest of:

- one-half of the amount donated,
- 10% of the tax on line 43, or
- \$1,000

A qualified educational entity includes:

- a nonprofit corporation, fund, foundation, research park, trust, or association organized and operated exclusively for the benefit of Idaho colleges and universities

# FORM 41S

- a nonprofit, private or public Idaho school (elementary, secondary or higher education) or its foundation
- Idaho education public broadcast system foundations
- the Idaho State Historical Society or its foundation
- an Idaho public library or its foundation
- an Idaho library district or its foundation
- an Idaho public or private nonprofit museum
- the Idaho Commission for Libraries

## LINE 45 CREDIT FOR CONTRIBUTIONS TO IDAHO YOUTH AND REHABILITATION FACILITIES

If the S corporation donated cash or goods to a qualified center for independent living, to a youth or rehabilitation facility or their foundations, or to a nonprofit substance abuse center licensed by the Idaho Department of Health and Welfare, it may claim a tax credit. If you claimed or earned the credit for qualifying new employees, enter the amount computed on Form 55, Part III, line 9. Otherwise, the credit is limited to the smallest of:

- one-half of the amount donated,
- 10% of the tax on line 43,
- \$500, or
- the tax on line 43 less the amounts on line 44 and Form 44, Part I, line 1

The qualified youth or rehabilitation facilities and their foundations are:

- Anchor House
- The Arc, Inc., Boise
- The Children's Home Society of Idaho, Inc., Boise
- The Children's Village, Inc., Coeur d'Alene
- Dawn Enterprises, Inc., Blackfoot
- Development Workshop, Inc., Idaho Falls
- Gem Youth Services, Emmett
- High Reachers, Inc., Mountain Home
- Hope House, Inc., Nampa
- Idaho Drug Free Youth, Inc., Coeur d'Alene
- Idaho Elks Rehabilitation Hospital, Inc., Boise
- Idaho Youth Ranch
- Kinderhaven, Sandpoint
- Learning Lab, Inc., Boise
- Magic Valley Rehabilitation Services, Inc., Twin Falls
- New Day Products, Inc., Pocatello
- Northwest (North Idaho) Children's Home
- Opportunities Unlimited, Inc., Lewiston
- Panhandle Special Needs, Inc., Sandpoint
- Project P.A.T.C.H. (Planned Assistance for Troubled Children)
- Project Safe Place, in Idaho
- Shepherd's Home, Inc., McCall
- Transitional Employment Services for the Handicapped, Coeur d'Alene
- Walker Center, Gooding
- Western Idaho Training Co., Inc., Caldwell
- Winchester Occupational Workshop, Winchester
- Women's and Children's Alliance

The following are the qualified centers for independent living:

- Disability Action Center Northwest, Moscow and Coeur d'Alene
- Living Independence Network Corporation, Boise and Twin Falls
- Living Independently For Everyone, Inc., Blackfoot, Idaho Falls, and Pocatello

## LINE 46 TOTAL BUSINESS INCOME TAX CREDITS

Enter the total business income tax credits allowed from Form 44, Part I, line 12. See page 15 for specific instructions. Attach Form 44.

## OTHER TAXES

### LINE 49 MINIMUM TAX

A minimum tax of \$20 is required. If the S corporation owes federal tax on excess net passive income or net recognized built-in gains, compute the Idaho tax using the following instructions:

- The Idaho tax on excess net passive income is computed by multiplying 7.6% by the lesser of Idaho apportioned excess net passive income or Idaho apportioned taxable income. See federal Form 1120S instructions. Attach a copy of the computations.
- The Idaho tax on net recognized built-in gains is computed by multiplying 7.6% by the Idaho apportioned net recognized built-in gain. See federal Form 1120S, Schedule D instructions. Attach a copy of the computations.
- If the corporation was previously a C corporation with credit carryover, the credit may be used to offset up to 50% of the tax.

If the total tax computed is more than \$20, draw a line through the 20 printed on the form. Enter the total Idaho tax on excess net passive income and net recognized built-in gains, less applicable investment tax credit carryover on line 49. The total tax before investment tax credit can't be less than \$20.

### LINE 50 PERMANENT BUILDING FUND TAX

S corporations that report taxable income on line 42 are required to pay the \$10 permanent building fund tax for each individual shareholder that elects to have the corporation pay the tax on his income from the S corporation. S corporations are also required to pay this tax for each individual shareholder who is required to file, but doesn't file, an Idaho individual income tax return. A nonresident individual shareholder is required to file if his share of the S corporation's Idaho gross income is more than \$2,500.

### LINE 51 TOTAL TAX FROM RECAPTURE OF INCOME TAX CREDITS

Enter the total tax from recapture of income tax credits from Form 44, Part II, line 7. See page 16 for specific instructions. Attach Form 44.

### LINE 52 FUELS TAX DUE

If you buy gasoline, aircraft fuel, or special fuels (diesel, propane, natural gas) without paying the fuels tax and later use this fuel in licensed vehicles or aircraft, fuels tax is due. Add the amounts on Form 75, Section IV, lines 3 and 4 and enter the total. Attach Form 75.

### LINE 53 SALES/USE TAX DUE

If you made purchases during the year without paying sales tax, you must report use tax due on such purchases. Examples include magazine subscriptions, out-of-state catalog purchases, merchandise purchased over the Internet, book and record clubs, purchases in a state where no sales tax was charged, etc. Multiply the total amount of such purchases by 6% (.06).

If you computed use tax on Form 75, add it to the use tax on other purchases and enter the total on line 53.

If you have a sales or use tax account, don't enter your sales or use tax on this line, but continue to report the tax on these purchases on your sales and use tax returns.

### LINE 54 TAX FROM RECAPTURE OF QUALIFIED INVESTMENT EXEMPTION (QIE)

If you have claimed the QIE for property tax on property that ceases to qualify before the end of the five-year recapture period, you must recapture part or all of the property tax benefit. Enter the amount from Form 49ER, Part III, line 18. Attach Form 49ER.

# FORM 41S

## LINE 56 UNDERPAYMENT INTEREST

Use Form 41ESR, Part I, Underpayment of Estimated Tax by Corporations, to determine if there is an underpayment of any quarterly estimated payments. Enter the amount of underpayment interest from Form 41ESR, Part II, line 24. Attach Form 41ESR.

If this is an amended return, enter the amount from the original return.

## PAYMENTS AND OTHER CREDITS

### LINE 58 ESTIMATED TAX PAYMENTS

Enter the total amount of estimated tax payments made for the tax year 2008 from the following forms:

- Forms 41ES, Quarterly Estimated Tax / Extension of Time Payment, and
- The amount applied from your 2007 return.

### LINE 59 SPECIAL FUELS AND GASOLINE TAX REFUND

The special fuels (diesel, propane, natural gas) tax refund is available to those who use the fuel for heating or in off-highway equipment and have paid the tax on the special fuels purchased. Enter the amount from Form 75, Section IV, line 2. Attach Form 75.

The gasoline tax refund is available to those who buy and use gasoline in off-highway equipment or auxiliary engines. Enter the amount from Form 75, Section IV, line 1. Attach Form 75.

## REFUND OR PAYMENT DUE

### LINE 62 PENALTY AND INTEREST

Penalty and interest are computed on the tax on line 61 less the underpayment interest on line 56.

**Penalty.** If the S corporation files a return after the due date or fails to pay the required amount by the due date, a penalty may be due. To avoid paying any penalty, the corporation must:

- Pay by the original due date at least 80% of the tax due on the return or 100% of the total tax reported last year, and
- File the return by the extended due date and pay the tax due by the earlier of the date the return is filed or the extended due date.

If the S corporation pays at least 80% of the tax due on the return or 100% of the total tax reported last year by the original due date, but fails to file the return by the extended due date or pay the remaining tax by the earlier of the date the return is filed or the extended due date, the following penalties will apply:

- If the return is filed on or before the extended due date, a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to date of payment, or
- If the return is filed after the extended due date, a 5% per month late filing penalty will be computed on tax due from the extended due date to the earlier of the date the return is filed or the date the tax is paid, plus a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date the tax is paid, if the tax is paid after the return is filed.

If the S corporation doesn't pay at least 80% of the tax due on the return or 100% of the total tax reported last year by the original due date, the following penalties will apply unless the payment required to satisfy the extension criteria is \$50 or less:

- If the return is filed by the original due date, a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date of payment.
- If the return is filed on or before the extended due date, a 2% per month extension penalty will be computed on tax due from the original due date to the earlier of the date the tax is paid or the date the return is filed, plus a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date the tax is paid, if the tax is paid after the return is filed.
- If the return is filed after the extended due date, but the tax is paid on or before the extended due date, a 2% per month extension penalty will be computed on tax due from the original due date to the date the tax is paid.
- If the return is filed and the tax is paid after the extended due date, the maximum 25% penalty will apply.

The minimum penalty is \$10. The maximum penalty is 25% of the tax due.

**Interest.** Interest is charged from the due date until paid. The rate for 2009 is 5%.

### LINE 65 REFUND

If you are filing an original return, you may receive all or part of the overpayment listed on line 64 as a refund, or apply all or a portion of the overpayment to your 2009 estimated tax. Enter the amount you wish to receive as a refund on this line. If you enter the total amount from line 64, you must enter zero on line 66.

### LINE 66 ESTIMATED TAX

If you are filing an original return, you may apply all or part of the overpayment listed on line 64 as a credit against your 2009 estimated tax. The amount you list on this line plus the amount on line 65 must equal the overpayment listed on line 64. If you listed the total overpayment as the amount you want refunded to you on line 65, you must enter zero on this line.

If you are filing an amended return, you must enter the same amount as reported on the original return.

## AMENDED RETURN ONLY

Complete lines 67 through 70 only if you are filing this return as an amended return.

### LINE 67 TOTAL TAX DUE OR OVERPAYMENT ON THIS RETURN

If the tax due shown on line 63 is greater than zero, enter this amount on line 67. The amount from line 63 should be entered as a positive amount.

If line 63 is zero, enter the amount of overpayment from line 64 on line 67. The amount from line 64 should be entered as a negative amount.

# INSTRUCTIONS FOR FORM 44

## IDAHO BUSINESS INCOME TAX CREDITS AND CREDIT RECAPTURE

Part I of Form 44 provides a listing of the Idaho business credits allowed and the credit carryover amounts.

Part II of Form 44 provides a listing of the tax from recapture of income tax credits.

The total of the business income tax credits allowed and the tax from recapture of income tax credits will be carried to the Form 41 or 41S. You must attach Form 44 to your return if you are claiming any business income tax credits or have any tax from recapture of income tax credits.

### PART I BUSINESS INCOME TAX CREDITS

Part I has two columns: the Credit Allowed column for the amount of credit allowed for the tax year and the Carryover column for the amount of carryover that exists at the end of the tax year.

If the corporation is filing a combined return, the following credits can be shared with members of the combined group rather than carried forward to future years:

- Investment tax credit
- Credit for Idaho research activities
- Broadband equipment investment credit
- Incentive investment tax credit
- Small employer income tax credits
- Biofuel infrastructure investment tax credit

The corporation that earned the credit must claim the credit to the extent allowable against its tax liability before sharing the credit with other members. A corporation that receives the credit through unitary sharing computes the applicable limitations based on its tax. Any unused credit remains with the member that earned the credit. A schedule must be attached identifying the member earning the credit and the members using the credit.

The following credits are available to be transferred to another taxpayer rather than used by the taxpayer who earns the credit:

- Broadband equipment investment credit
- Incentive investment tax credit

To claim a credit you acquired through a transfer, you must attach a copy of the Idaho Statement of Credit Transfer, Form 70, to each return on which you are claiming transferred credit.

#### LINE 1 INVESTMENT TAX CREDIT (ITC)

If you acquire an asset for use in your business, you may have earned an ITC.

**Credit Allowed.** If you claimed or earned the credit for qualifying new employees, enter the allowable credit computed on Form 55, Part III, line 7. Otherwise, enter the credit allowed computed on Form 49, Part II, line 8.

**Carryover.** If you claimed or earned the credit for qualifying new employees, enter the amount of credit available less the allowable credit: Form 55, Part III, line 6a less the amount on line 7. Otherwise, enter the credit available less the credit allowed: Form 49, Part II, line 7 less the amount on line 8.

#### LINE 2 CREDIT FOR PRODUCTION EQUIPMENT USING POSTCONSUMER WASTE

If you purchased equipment that manufactures a product from postconsumer or postindustrial waste, you may be entitled to a tax credit. The credit is 20% of your cost to purchase qualified equipment.

Qualified equipment is machinery or equipment in Idaho with a useful life of three years or more. In addition, 90% of the equipment's production must result in products utilizing postconsumer or postindustrial waste.

Product is any manufactured material that is composed of at least 50% of postconsumer or postindustrial waste and offered for sale. Product does not include shredded material unless it is incorporated directly into the manufacturing process.

Postconsumer waste or postindustrial waste includes only glass, paper, or plastic that have been, or would have been, disposed of as solid waste. It doesn't include radioactive or hazardous waste.

Attach a schedule showing your computations, listing the qualified equipment, identifying the postconsumer or postindustrial waste products, and identifying the newly manufactured products.

**Credit Allowed.** If you claimed or earned the credit for qualifying new employees, enter the allowable credit computed on Form 55, Part III, line 11. Otherwise, enter the smallest of:

- \$30,000
- 20% of the cost to purchase qualified equipment plus the amount of credit carried forward, or
- Tax available:
  - If filing Form 41, the tax on line 38 less the amounts on lines 39, 40, and Form 44, Part I, line 1
  - If filing Form 41S, the tax on line 43 less the amounts on lines 44, 45, and Form 44, Part I, line 1

**Carryover.** Enter the amount of credit available less the amount allowed. Attach a schedule showing your computations. You may carry forward the unused portion of the credit up to seven years.

#### LINE 3 PROMOTER-SPONSORED EVENT CREDIT

If you issued temporary sales tax permits to participants of a promoter-sponsored event on behalf of the Tax Commission, you may claim a \$1 credit for each temporary permit issued during the tax year. Promoter-sponsored events include swap meets, flea markets, gun shows, and fairs. You must have filed Form ST-124 with the Tax Commission to qualify for the credit.

**Credit Allowed.** If you claimed or earned the credit for qualifying new employees, enter the allowable credit computed on Form 55, Part III, line 13. Otherwise, enter the smaller of:

- \$1 for each temporary permit issued during the tax year, or
- Tax available:
  - If filing Form 41, the tax on line 38 less the amounts on lines 39, 40, and Form 44, Part I, lines 1 and 2
  - If filing Form 41S, the tax on line 43 less the amounts on lines 44, 45, and Form 44, Part I, lines 1 and 2

#### LINE 4 CREDIT FOR QUALIFYING NEW EMPLOYEES

Idaho allows a credit for qualifying new employees of a corporation.

**Credit Allowed.** Enter the credit allowed computed on Form 55, Part III, line 15. Attach Form 55.

**Carryover.** Enter the amount of credit carryover to future years as computed on Form 55, Part III, line 32.

#### LINE 5 CREDIT FOR IDAHO RESEARCH ACTIVITIES

If you incurred expenses for research conducted in Idaho, you may have earned the credit for Idaho research activities.

# FORM 44

**Credit Allowed.** Enter the credit allowed computed on Form 67, line 29. Attach Form 67.

**Carryover.** Enter the amount of credit carryover to future years as computed on Form 67, line 30.

## LINE 6 BROADBAND EQUIPMENT INVESTMENT CREDIT

If the corporation acquired qualified broadband equipment to use in its business in Idaho, it may qualify for the broadband equipment investment credit. You may also claim this credit if you acquired the credit through a transfer.

**Credit Allowed.** Enter the credit allowed computed on Form 68, line 18. Attach Form 68.

**Carryover.** Enter the amount of credit carryover to future years as computed on Form 68, line 19.

## LINE 7 INCENTIVE INVESTMENT TAX CREDIT

You may claim this credit if you have incentive investment tax credit carryover from the tax year beginning in 2001 or received the credit by transfer or unitary sharing.

**Credit Allowed.** Enter the credit allowed computed on Form 69, line 16. Attach Form 69.

**Carryover.** Enter the amount of credit carryover to future years as computed on Form 69, line 17.

## LINE 8 SMALL EMPLOYER INVESTMENT TAX CREDIT

You may claim this credit if you have certified by filing Form 89SE that you have met, or will meet, the tax incentive criteria for this credit and you have acquired an asset for use in your business that otherwise qualifies for the ITC.

**Credit Allowed.** Enter the credit allowed computed on Form 83, line 28. Attach Form 83.

**Carryover.** Enter the amount of credit carryover to future years as computed on Form 83, line 29.

## LINE 9 SMALL EMPLOYER REAL PROPERTY IMPROVEMENT TAX CREDIT

You may claim this credit if you have certified by filing Form 89SE that you have met, or will meet, the tax incentive criteria for this credit and you have acquired real property improvements for use in your business at the project site during the project period.

**Credit Allowed.** Enter the credit allowed computed on Form 84, line 26. Attach Form 84.

**Carryover.** Enter the amount of credit carryover to future years as computed on Form 84, line 27.

## LINE 10 SMALL EMPLOYER NEW JOBS TAX CREDIT

You may claim this credit if you have certified by filing Form 89SE that you have met, or will meet, the tax incentive criteria for this credit and you have qualified new employees at the project site during the project period.

**Credit Allowed.** Enter the credit allowed computed on Form 85, line 35. Attach Form 85.

**Carryover.** Enter the amount of credit carryover to future years as computed on Form 85, line 36.

## LINE 11 BIOFUEL INFRASTRUCTURE INVESTMENT TAX CREDIT

If the corporation placed in service qualified infrastructure used to sell biofuel, it may qualify for the biofuel infrastructure investment tax credit.

**Credit Allowed.** Enter the credit allowed computed on Form 71, line 30. Attach Form 71.

**Carryover.** Enter the amount of credit carryover to future years as computed on Form 71, line 31.

## PART II TAX FROM RECAPTURE OF INCOME TAX CREDITS

### LINE 1 TAX FROM RECAPTURE OF INVESTMENT TAX CREDIT

If you have claimed an ITC on property that ceases to qualify before the end of the five-year recapture period, you must compute the ITC recapture. This includes property moved outside of Idaho.

Enter the amount from Form 49R, Part III, line 15. Attach Form 49R.

### LINE 2 TAX FROM RECAPTURE OF BROADBAND EQUIPMENT INVESTMENT CREDIT

If you have claimed a broadband equipment investment credit on property that ceases to qualify before the end of the five-year recapture period, you must compute the broadband equipment investment credit recapture. This includes property that ceases to qualify for the ITC.

Enter the amount from Form 68R, Part III, line 15. Attach Form 68R.

### LINE 3 TAX FROM RECAPTURE OF SMALL EMPLOYER INVESTMENT TAX CREDIT

If you have claimed a small employer investment tax credit on property that ceases to qualify before the end of the five-year recapture period, you must compute the small employer investment tax credit recapture. This includes property moved outside of Idaho.

You must also compute recapture if you failed to meet the incentive criteria required to qualify for this credit at the project site during the project period.

Enter the amount from Form 83R, Part III, line 15. Attach Form 83R.

### LINE 4 TAX FROM RECAPTURE OF SMALL EMPLOYER REAL PROPERTY IMPROVEMENT TAX CREDIT

If you have claimed a small employer real property improvement tax credit on property that ceases to qualify before the end of the five-year recapture period, you must compute the small employer real property improvement tax credit recapture.

You must also compute recapture if you failed to meet the tax incentive criteria required to qualify for this credit at the project site during the project period.

Enter the amount from Form 84R, Part III, line 15. Attach Form 84R.

### LINE 5 TAX FROM RECAPTURE OF SMALL EMPLOYER NEW JOBS TAX CREDIT

If you have claimed a small employer new jobs tax credit and you failed to maintain the required level of new employees for the entire five-year recapture period, you must compute the small employer new jobs tax credit recapture.

You must also compute recapture if you failed to meet the tax incentive criteria required to qualify for this credit at the project site during the project period.

Enter the amount from Form 85R, line 13. Attach Form 85R.

### LINE 6 TAX FROM RECAPTURE OF BIOFUEL INFRASTRUCTURE INVESTMENT TAX CREDIT

If you have claimed a biofuel infrastructure investment tax credit on property that ceases to qualify before the end of the five-

year recapture period, you must compute biofuel infrastructure investment tax credit recapture. This includes property no longer used to sell biofuel in Idaho.

Enter the amount from Form 71R, Part III, line 15. Attach Form 71R.

## **INSTRUCTIONS FOR FORM 42**

### **SUPPLEMENTAL SCHEDULE FOR MULTISTATE & MULTINATIONAL BUSINESSES**

Part I of this form provides the computation of the Idaho apportionment factor and is to be used by taxpayers who have income from business activity that is taxable in Idaho and another state or country.

Part II of this form provides the worldwide and water's edge adjustments to compute combined income. Part II must be used by a corporation that has ownership in at least one foreign affiliate.

### **PART I APPORTIONMENT FORMULA**

#### **GENERAL INFORMATION**

If the taxpayer transacts business in Idaho and another state or country, attach a schedule showing apportionment detail by company.

#### **CORPORATIONS**

When a unitary group files using the combined reporting method, each corporation included in the combined group must compute its own apportionment factors. It does this by including its total Idaho property, sales, or payroll in the numerators and using the property, sales, or payroll of all the corporations included in the combined report in the denominators. Form 42 is used to show the total for the unitary group. A schedule must be attached detailing the Idaho apportionment factor computation for each corporation in the group.

**Worldwide Filers.** For multinational unitary groups using the worldwide filing method, the denominators include the total property, sales, and payroll of all domestic and foreign corporations included in the unitary group.

**Water's Edge Filers.** For multinational unitary groups using the water's edge filing method, the denominators include only the total property, sales, and payroll of the water's edge combined group. These would exclude the property, sales, and payroll of foreign subsidiaries whose income isn't included in the computation of apportionable income. To the extent the dividends are included in apportionable income, they are included in the sales factor denominator.

All intercompany amounts should be excluded from the computation of the apportionment factors.

#### **PROPERTY FACTOR**

The property factor is a fraction. The numerator is the average value of real and tangible personal property owned or rented and used in Idaho during the tax year to produce business income. The denominator is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the tax year to produce business income. Property used in the production of nonbusiness income is excluded from the factor.

Property is included in the factor if it is actually used or capable of being used during the tax year in the regular course of the trade or business of the taxpayer. Property under construction is excluded.

Property owned by the taxpayer is valued at its original cost. Original cost is the basis of the property for federal income tax

purposes (prior to any federal adjustments) when it was acquired by the corporation and adjusted for subsequent capital additions or improvements, special deductions or partial disposition because of sale, exchange, abandonment, etc. Depreciation doesn't reduce original cost.

The average value of property owned by the taxpayer is computed by averaging the values at the beginning and ending of the tax year. The Tax Commission may require or allow the averaging of monthly values to properly reflect the average values.

Property rented is valued at eight times the net annual rental rate. The net annual rental rate for any item of rented property is the total rents paid for the property, less the aggregate annual subrental rates paid by subtenants. Subrents aren't deducted when the subrents are business income.

#### **SALES FACTOR**

The sales factor is double weighted for all taxpayers except electrical and telephone utilities. Electrical and telephone utilities use a single-weighted sales factor.

The sales factor is a fraction. The numerator is the gross receipts derived during the tax year from transactions and activities attributable to Idaho in the regular course of the taxpayer's trade or business. The denominator is the total gross receipts derived during the tax year from transactions and activities everywhere in the regular course of the corporation's trade or business. Receipts derived from the production of nonbusiness income are excluded from the sales factor.

Sales includes all gross receipts derived from transactions and activity in the regular course of trade or business. Gross receipts means gross sales, less returns and allowances. Gross receipts from sales of tangible personal property are assigned to Idaho if:

- property is delivered or shipped to a purchaser in Idaho regardless of F.O.B. point or other conditions of sales; or
- property is shipped from an office, store, warehouse, factory, or other place of storage in Idaho and the taxpayer isn't taxable in the state of the purchaser (throwback sales) or the purchaser is the U.S. Government.

Sales also includes gross receipts from services and all other gross receipts such as interest, dividends, rents, royalties, gross receipts from the sale of property, and other income derived by the taxpayer in the regular course of business. If gross receipts don't fairly represent the extent of your business activity in Idaho, you may petition, or may be required, to use another method to obtain an equitable result. Income from services is attributable to this state to the extent that the services are performed in Idaho.

Although the following amounts may be business income, gross receipts don't include such items as the repayment, maturity, or redemption of the principal of a loan, bond, mutual fund or certificate of deposit or similar marketable instrument, the principal amount received under a repurchase agreement, the proceeds from issuing your own stock or from the sale of treasury stock, damages or other amounts received from litigation, property acquired by an agent on behalf of another,

tax refunds or other tax benefit recoveries, pension reversions, contributions to capital, income from the forgiveness of indebtedness, and amounts realized from exchanges of inventory that aren't recognized by the IRC.

## PAYROLL FACTOR

The payroll factor is a fraction. The numerator is the compensation paid in Idaho during the tax year to produce business income. The denominator is the total compensation paid during the tax year to produce business income. Compensation connected with the production of nonbusiness income is excluded from the payroll factor.

The total amount paid to employees is determined on the basis of the taxpayer's accounting method. Under the accrual method, all compensation properly accrued is deemed to have been paid. If you are required to report compensation under the cash method for unemployment compensation purposes, you may use the cash method to include compensation paid to employees in the payroll factor.

Compensation means wages, salaries, commissions, and any other form of payment to employees for personal services. Payments made to an independent contractor, or any other person not properly classifiable as an employee, are excluded.

Compensation is paid in Idaho if any one of the following tests are met:

- the individual's service is performed entirely within Idaho; or
- the individual's service is performed both in and outside Idaho but the service performed outside Idaho is incidental to the individual's service in Idaho; or
- some of the service is performed in Idaho and the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in Idaho; or
- some of the service is performed in Idaho and the base of operations, or the place from which the service is directed or controlled, isn't in any state in which some part of the service is performed, but the individual's residence is in Idaho.

## MODIFIED FACTORS FOR CERTAIN INDUSTRIES

Idaho has adopted the Multistate Tax Commission (MTC) regulations for the following special industries. Examples of the computations of these factors are found in the applicable MTC regulations on the Internet. The Tax Commission Web site has a link to these regulations at [tax.idaho.gov](http://tax.idaho.gov).

### Airlines

If you are in the business of transporting passengers, freight or mail by air, your apportionment factor should reflect the movement of your transportation equipment and personnel. Include transportation revenue, property ready for flight, and transportation payroll in the Idaho numerators based on the percentage of Idaho departures of aircraft weighted as to the value of aircraft by type to the total departures similarly weighted.

The value of nonflight property and nonflight payroll will be allocated to the state based on the general apportionment rules.

### Railroads and Trucking Companies

If you are in the business of transporting passengers, freight, or mail by motor carrier or rail, your apportionment factor should reflect the movement of your transportation equipment and personnel. Include the transportation revenue, property, and payroll in the Idaho numerators based on the percentage of miles traveled in Idaho to miles traveled everywhere.

Other revenue, fixed property, and compensation of employees assigned to fixed locations are included in the factors based on the general apportionment rules. Per diem and mileage charges paid or received for the temporary use of railroad cars shouldn't be included in the sales or property factors.

## Construction Contractors

You must use the same long-term contract accounting method for Idaho reporting purposes that you used for federal reporting purposes. If the percentage of completion method is used, the following special rules apply in addition to the general property, payroll, and sales factor rules.

The property factor denominator includes the average value of the taxpayer's cost of construction in progress (including materials and labor) to the extent the costs exceed progress billings. The portion of this amount attributable to construction projects in Idaho is included in the Idaho numerator. If progress billings exceed construction costs, don't include any value in the property factors for the taxpayer's equity in the project.

The sales factor includes only the portion of the gross contract price which corresponds to the percentage of the entire contract which was completed at the end of the tax year. For example, if the project was 30% complete at the end of the tax year, 30% of the bid price should be included in the gross receipts. Gross receipts from a construction project are attributable to Idaho if the construction is located in Idaho. Gross receipts from a construction project located partially in Idaho are included in the numerator based on ratio of construction costs for the project in Idaho for the tax year to the total of construction costs for that project for the tax year.

Compensation paid for work on a particular construction project is included in the payroll factor even though capitalized into the cost of construction. Compensation is attributable to the state where most of the employee's service is performed, regardless of where reported for unemployment tax purposes.

## Publishers

If you are in the business of publishing, selling, licensing or distributing books, newspapers, magazines, periodicals, trade journals or other printed material, include outer-jurisdictional property in the property factor whether owned or rented if used in your business. Outer-jurisdictional property includes such items as orbiting satellites and undersea transmission cables that aren't physically located in any particular state. The portion of outer-jurisdictional property attributable to Idaho is computed using the ratio of Idaho usage to usage everywhere.

The sales numerator includes gross receipts from the sale of printed materials delivered or shipped to a purchaser or subscriber in Idaho. Gross receipts from the advertising and the sale, rental or other use of customer lists are included as Idaho sales as determined by a circulation factor.

If the purchaser or subscriber is the U.S. Government or you aren't taxable in the state, the gross receipts are attributable to Idaho if the printed material or other property is shipped from a business location in Idaho.

## Broadcasters

If you are in the business of conducting television or radio broadcasts, either through a network or through an affiliated, unaffiliated or independent television or radio broadcasting station, your apportionment factor should exclude outer-jurisdictional, film and radio programming property. Outer-jurisdictional property includes orbiting satellites and undersea transmission cables that aren't physically located in any particular state. Film programming means performances, events, or productions telecast, live or otherwise, on television. It includes news and sporting events in the format of a motion picture, a video tape, or other medium. Radio programming means all performances, events, or productions broadcast live or otherwise on radio. It includes commercial, educational or artistic works, in the format of an audio tape, disc or other medium.

# FORM 42

Audio or video cassettes, discs or similar medium containing film or radio programming that is intended for sale or rental for home viewing or listening is included in the property factor at original cost.

The value of property located or used in Idaho for part of the tax year is included in the Idaho property numerator based on the ratio that the number of days the property is located or used in Idaho bears to the total number of days you owned or rented the property during the tax year.

Idaho sales include advertising revenue from live television, film or radio programming in release to or by television and radio stations located in Idaho and receipts from live telecasts, films and radio programs based on the audience factor.

The payroll factor includes residual and profit participation payments paid to employees, directors, actors, newscasters, and other individuals in a role of employee. Include amounts paid to an individual, corporation, or other business entity for providing the services of directors, actors, newscasters, and other talent for a live television broadcast, film or radio program if the payments were at least 25% of total compensation paid to employees and the extent of your business activity in Idaho wouldn't be fairly represented by not including the amounts. The portion of these amounts attributable to Idaho is determined according to the general apportionment rules.

## Financial Institutions

The apportionment factor of a financial institution should reflect the business of extending credit through loans and credit cards by including the value of these intangibles in the property factor.

A financial institution is a business that predominantly deals in money or moneyed capital in substantial competition with the business of national banks. Predominantly means more than 50% of gross income is attributable to dealings in money or moneyed capital. Money or moneyed capital includes coin, cash, currency, mortgages, deeds of trust, conditional sales contracts, loans, commercial paper, installment notes, credit cards, and accounts receivable.

A business is presumed to be a financial institution if it is one of the following:

- a corporation registered under state law as a bank holding company or registered under the Federal Bank Holding Company Act, as amended, or registered as a savings and loan holding company under the Federal National Housing Act, as amended;
- a national bank organized under the National Bank Act;
- a savings association or federal savings bank as defined in the Federal Deposit Insurance Act;
- a bank or thrift institution incorporated or organized under the laws of any state;
- a corporation organized under the provisions of Title 12 U.S.C. §§ 611 to 631;
- an agency or branch of a foreign depository as defined in Title 12 U.S.C. § 3101;
- a corporation whose voting stock is more than 50% owned by an entity presumed to be a financial institution (insurance companies excluded); or
- a corporation that in the current year and immediately preceding two years, derived more than 50% of its total gross income for financial accounting purposes from finance leases.

In addition to the property included under the standard property factor as discussed on page 17, the property factor must also include the average value of your loans and credit card receivables. Loans and credit card receivables are valued at their average outstanding principal balance, without regard to any reserve for bad debts.

Loans and credit card receivables are considered located in Idaho if they are properly assigned to a regular place of your business in this state; that is, if the loan has a preponderance of substantive contacts with that place of business. Substantive contacts include solicitation, investigation, negotiation, approval, and administration.

There are also special sales factor rules for attributing receipts to a state. The payroll factor is computed the same as under the standard apportionment rules. See page 18.

## SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form. Compute all percentages to four decimal places (00.0000%). Attach a schedule showing apportionment detail by company if filing for a unitary group.

### PROPERTY

**Lines 1 through 4.** Enter the beginning and end of the year total property and Idaho property amounts.

**Line 9.** Divide Idaho property by total property (amounts on line 8).

### SALES

**Lines 11 and 12.** Enter the amounts from line 10 that were delivered or shipped to Idaho purchasers (line 11) or that were throwback sales to Idaho (line 12). A sale made in a state that has no jurisdiction to tax the seller is a throwback sale.

**Line 14.** Attach a detailed schedule.

**Line 16.** Divide Idaho gross receipts by total gross receipts (amounts on line 15).

Electrical and telephone utilities. This is your single-weighted sales factor. Go to line 18.

**Line 17.** For all taxpayers other than electrical and telephone utilities, multiply the amount on line 16 by 2. This is your double-weighted sales factor.

### PAYROLL

**Line 19.** Divide Idaho wages and salaries by total wages and salaries (amounts on line 18).

### TOTAL PERCENTAGE

**Line 20.** For all taxpayers other than electrical and telephone utilities, add the percentages on lines 9, 17, and 19. For electrical and telephone utilities, add the percentages on lines 9, 16, and 19.

### IDAHO APPORTIONMENT FACTOR

**Line 21.** For all taxpayers other than electrical and telephone utilities, divide the total on line 20 by 4. For electrical and telephone utilities, divide the total on line 20 by 3.

If any of the factors don't apply to your business, divide the total on line 20 by the number of factors used. For example, if your business has no employees anywhere, your factor is reduced by one.

## PART II MULTINATIONAL ADJUSTMENTS GENERAL INFORMATION

The worldwide filing method is required for all corporations unless the water's edge election has been made. The water's edge election must be made by filing Form 14, Water's Edge Election and Consent Form, with the original tax return filed by the corporation for the tax year. The election can't be made on

# FORM 42

an amended return. Permission must be requested from the Tax Commission to change from the water's edge method to the worldwide method.

## SPECIFIC INSTRUCTIONS

To the extent that amounts listed for water's edge filers are different than the amounts listed for worldwide filers, separate instructions are listed.

## ADDITIONS

### LINE 1 INCOME FROM UNITARY FOREIGN SUBSIDIARIES

**Water's Edge Filers.** If you are a water's edge filer, disregard this line and go to line 2.

**Worldwide Filers.** The income of a foreign affiliate included in a consolidated federal return is included on line 12, Form 41.

If foreign affiliates aren't included in a consolidated federal return, the corporation can select one of the following options. The option selected must be used for all foreign affiliates not included in a consolidated federal return and must be adjusted for the Idaho additions and subtractions listed on Form 41.

**Option 1.** Enter the net income before income taxes stated on each affiliate's profit and loss statement prepared for the United States Securities and Exchange Commission (SEC). If the profit and loss statement isn't filed with the SEC, enter the net income or loss before income taxes reported on the profit and loss statement prepared for reporting to shareholders that is subject to review by an independent auditor.

**Option 2.** The net income or loss reported on the profit and loss statements may be adjusted to tax accounting standards as would be required by the IRC if the corporation were incorporated in the United States. If a corporation chooses to make the book to tax adjustments, all book to tax adjustments must be made for all unitary foreign corporations not included in the consolidated federal return. The book to tax adjustments must be consistently applied each year the group files a worldwide return.

The provisions of IRC Section 921, Exempt Foreign Trade Income Excluded From Gross Income, don't apply to Foreign Sales Corporations (FSCs) included in this computation.

Attach a schedule detailing the book to tax adjustments by company.

### LINE 2 FEDERAL TAXABLE INCOME OF NONCONSOLIDATED UNITARY SUBSIDIARIES

Enter the federal taxable income of unitary subsidiaries incorporated in the United States that are more than 50% commonly owned and that weren't included in the federal consolidated return. This is the amount reported on the subsidiary's federal income tax return, Form 1120, adjusted for the Idaho additions and subtractions listed on Form 41. Attach a schedule identifying this income by company.

### LINE 3 FOREIGN SALES CORPORATIONS

**Water's Edge Filers.** Enter the federal taxable income of a FSC from federal Form 1120-FSC. This is the federal amount computed after applying IRC Section 921, Exempt Foreign Trade Income Excluded From Gross Income.

**Worldwide Filers.** FSC income is included on line 1.

### LINE 4 INCOME OF FOREIGN CORPORATIONS SUBJECT TO FEDERAL TAXATION

**Water's Edge Filers.** Enter the federal taxable income reported by corporations incorporated outside the United States that are required to file a federal income tax return. This includes foreign corporations filing a federal Form 1120F.

**Worldwide Filers.** The income of foreign corporations is included on line 1.

### LINE 5 IRC SECTION 936 POSSESSION CORPORATIONS

Enter the federal taxable income of corporations filing under IRC Section 936, Puerto Rico and Possession Tax Credit. For water's edge filers, this amount is considered a deemed dividend subject to the dividend exclusion that will be computed under "Subtractions."

### LINE 6 INTERCOMPANY ELIMINATIONS

Enter the amount of intercompany transactions between the combined group and nonunitary subsidiaries eliminated on the federal consolidated return. The income of the nonunitary subsidiaries is a subtraction on line 9. Attach a schedule identifying the intercompany transactions by corporation.

### LINE 7 OTHER ADDITIONS

Enter any miscellaneous Idaho additions. Attach a schedule identifying each miscellaneous addition by corporation.

## SUBTRACTIONS

### LINE 9 FEDERAL TAXABLE INCOME OF NONUNITARY SUBSIDIARIES INCLUDED ON THE FEDERAL RETURN

Enter the federal taxable income of nonunitary subsidiaries included in the federal consolidated return. Attach a schedule identifying the income or loss by corporation.

### LINE 10 DIVIDEND EXCLUSION

The following dividend exclusions are applicable only to water's edge filers.

- Foreign Dividends.** Enter the total amount of dividends paid by foreign affiliates. Include the amounts of income from controlled foreign corporations under subpart F if included in federal taxable income. Enter the portion of FSC dividends that are not included on line 11.
- Deemed Dividends From Possession Corporations.** Enter the amount from line 5. Don't include any actual dividends paid by possession corporations on this line.
- Exclusion Percentage.** If you elected to forgo filing the water's edge spreadsheets as indicated on line 9b, Form 41, enter 80%. Enter 85% if you are filing the water's edge domestic disclosure spreadsheets.

### LINE 11 INTERCOMPANY DIVIDENDS INCLUDED ON THE COMBINED RETURN

**Water's Edge Filers.** Enter the total of the following amounts:

- the dividend income, included in federal taxable income, received by a member of the water's edge combined group from another member of the water's edge combined group;
- the dividend income, included in federal taxable income, received by a member of the water's edge combined group from a possession corporation; and
- the intercompany dividends paid by a FSC to another member of the water's edge combined group. The amount of dividends determined to be intercompany is the same proportion of the dividend paid as the proportion that FSC federal taxable income for the year out of which the dividend was paid bears to the total FSC income before taxes for that year.

## FORM 42

**Worldwide Filers.** Enter the amount of dividends paid by one member to another member of the unitary group that haven't been subtracted elsewhere on this form or Form 41.

Attach a schedule identifying payors, payees and dividend amounts regardless of the filing method.

### **LINE 12 INTERCOMPANY TRANSACTIONS INCLUDED ON THE FEDERAL RETURN**

Enter the intercompany transactions, between members of the combined group, that haven't otherwise been eliminated.

### **LINE 13 OTHER SUBTRACTIONS**

Enter any miscellaneous Idaho deductions. Attach a schedule identifying each miscellaneous deduction by corporation.